

I N T E L L I G E N C E A D V I S O R Y C O M M I T T E E

Semi-Annual Status Report for
the NSC on the Foreign Intelligence Program

Paragraph 10a of NSC 162/2 sets forth the primary missions of the US intelligence system in support of basic national security requirements. This report presents a statement and evaluation of capabilities to carry out these objectives as of 31 December 1954. Section I of the report is addressed primarily to the first of these three objectives (warning of aggression) and Section II to the other two (capabilities and intentions of foreign countries). Section III deals with problems of collection related to all three objectives. Problems of covert collection are considered in Section IV. A number of special programs and activities relevant to the support and progress of the intelligence effort are briefly described in an Appendix.

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1. National Intelligence Objectives. DCID 4/3 and 4/4 set up, respectively, comprehensive objectives for all countries and areas, and priority objectives for specific countries and subjects. DCID 4/4 particularly delineates more precisely than has been done heretofore the specific aspects of capabilities and intentions of certain countries that deserve priority attention.

2. National Intelligence Estimates. Since the last report, several major estimates have been produced dealing with Soviet Bloc capabilities and probable courses of action. Included in this group were three basic annual reviews: "Soviet Capabilities and Probable Courses of Action Through Mid-1959," "Communist Courses of Action in Asia Through 1957," and "Probable Developments in the European Satellites Through Mid-1956." In addition, three estimates were produced directly or indirectly in support of the Net Evaluation Study of Soviet Capabilities to Attack the US: "Soviet Gross Capabilities for Attacks on the US and Key Overseas Installations Through 1 July 1957," "Probable Warning of Soviet Attack on the US as of Mid-1957," and "Soviet Capabilities and Probable Programs in the Guided Missiles Field." Seventeen estimates were produced on countries outside the Soviet Bloc. Much emphasis was given to the Far East, particularly to Indochina. Of the 24 NIE's published during the six-month period, 16 were in support of specific NSC papers or policy decisions.

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3. Basic Intelligence. Since the initiation of the National Intelligence Surveys (NIS) program over 2,400 individual sections on 79 foreign countries and areas have been produced. This represents essentially 45% of total world coverage, mainly on JCS high priority areas. In addition, 76 NIS Gazetteers have been published through 31 December 1954.

4. Military Intelligence

a. General. Military intelligence on the USSR, Communist China, and, to a lesser extent, the Satellites remains inadequate in many critical fields, although some slow progress is evident. There is an almost complete lack of information on Soviet development, production, and deployment of weapons and other components of weapons systems in the field of nuclear weapons; delivery systems including guided missiles; and in many components of the Soviet air defense system. Collection is also inadequate on the disposition, capabilities, and weaknesses of the Soviet and Communist Chinese armed forces; Soviet logistical support; Soviet scientific and technical strength as it affects military capabilities; and the Communist Chinese logistical support, particularly military transportation. Our knowledge of the movements of Soviet and Satellite Armed Forces in Europe continues to be inadequate. Far East intelligence coverage was reduced by the loss of combat intelligence contact with the Viet Minh, subsequent to the cease-fire in Indochina. In summary,

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6. Economic Intelligence

a. General. Although inadequacies in data continue to exist, the quality and usefulness of the economic intelligence on the Soviet Bloc has increased. This results mainly from improved capabilities for aggregative analysis directed toward priority intelligence needs. Significant advances have been made in the application of economic research techniques to inter-industry analysis and to the evaluation of Soviet capabilities for the production of guided missiles and for air defense. These techniques are also being employed in developing long-range projections of potential Soviet economic growth. Major problems remain to be solved with respect to Soviet defense expenditures, Soviet agricultural growth capabilities, and other essential aspects of the Soviet economy.

b. Increased emphasis on Communist China has resulted in a promising advance in the reliability of estimates and analyses of economic developments in that area.

c. Intelligence support for economic defense is now focussed on major items left unresolved in the 1954 revision of the international trade controls for Communist China. Effective intelligence support for enforcement of economic defense measures has been maintained in spite of diminishing information on trade transactions.

d. The surveys of the Economic Intelligence Committee (EIC) on priority deficiencies in economic intelligence on the Soviet Bloc

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III. COLLECTION

1. The Foreign Service. Reporting from the Foreign Service, a primary overt source of intelligence information, continues for the most part to meet expectations. Reporting from behind the Iron Curtain, recorded as deficient in the previous semi-annual statement, remains inadequate in the political and sociological fields, principally because of restrictions on movement and the size of missions. Generally speaking, reporting from and on the USSR from the intelligence point of view has shown some slight gain; in the case of the Satellites, there has been a decline. Some improvement in reporting has occurred because of the greater cordiality of Soviet Bloc officials in their contacts with Western representatives. The principal handicap to improved Foreign Service reporting outside the Bloc is reduced staff. However, strengthened interagency coordination of collection and requirements, has contributed to improved reporting, especially in the economic field.

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